

LEGISLATURE OF NEBRASKA

ONE HUNDRED SECOND LEGISLATURE

SECOND SESSION

LEGISLATIVE BILL 1050

Introduced by Cornett, 45.

Read first time January 18, 2012

Committee:

A BILL

1 FOR AN ACT relating to revenue and taxation; to amend section
2 77-2701, Reissue Revised Statutes of Nebraska; to provide
3 a sales and use tax incentive for procurement processing
4 companies as prescribed; to harmonize provisions; and to
5 repeal the original section.
6 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 77-2701, Reissue Revised Statutes of
2 Nebraska, is amended to read:

3 77-2701 Sections 77-2701 to 77-27,135.01 and 77-27,228 to
4 77-27,236 and section 2 of this act shall be known and may be cited
5 as the Nebraska Revenue Act of 1967.

6 Sec. 2. (1) It is the intent of the Legislature that the
7 incentive created by this section be used solely to induce
8 procurement processing companies to locate in this state, resulting
9 in significant new sales tax revenue generated for this state.

10 (2) For purposes of this section:

11 (a) Affiliated entity means a person who directly, or
12 indirectly through one or more intermediaries, controls, is
13 controlled by, or is under common control with another person;

14 (b) New taxable sales means the sales of property and
15 services upon which sales and use taxes are paid under the Nebraska
16 Revenue Act of 1967 and which occur in this state as a result of the
17 operation in this state of a procurement processing company;

18 (c) Procurement processing company means a person engaged
19 in managing the activities of unrelated purchasing companies; and

20 (d) Purchasing company means a person engaged in the
21 activity of selling property and services to affiliated entities.

22 (3) The Tax Commissioner may enter into a contract with a
23 procurement processing company in which such company agrees to locate
24 its business operations in this state in return for the incentive
25 provided in subsection (4) of this section if the Governor determines

1 the contract to be in the best interest of this state. The Governor's
2 determination shall be based on the new taxable sales that would be
3 generated as a result of the contract.

4 (4) A contract entered into under this section may
5 include as an incentive to the procurement processing company a
6 rebate of sales and use taxes paid under the Nebraska Revenue Act of
7 1967 by purchasing companies that are managed by the procurement
8 processing company.

9 (5) A contract entered into under this section may not
10 exceed an initial term of twenty years.

11 (6) A contract entered into under this section is exempt
12 from the requirements of sections 73-201 to 73-204 and 73-501 to
13 73-509.

14 (7) Purchasing companies shall be subject to the
15 reporting, audit, enforcement, and confidentiality provisions of the
16 Nebraska Revenue Act of 1967 that are applicable to other sellers in
17 this state. The state may not contractually waive this requirement.

18 (8) On or before July 15 each year, the Tax Commissioner
19 shall submit a report to the Legislature regarding any contract
20 entered into under this section. The report shall include total sales
21 occurring in this state as a result of this section and total sales
22 tax revenue generated on those sales for this state.

23 Sec. 3. Original section 77-2701, Reissue Revised
24 Statutes of Nebraska, is repealed.